

Contents

About New Edition	11
Revision 2021	12
Preface	13
Supplement Material	15
Content for Instructors	16
1 Introduction	17
1.1 What is R	18
1.2 Why Choose R	18
1.3 What Can You Do With R and RStudio?	19
1.4 Installing R	21
1.5 Installing RStudio	24
1.6 Resources in the Web	25
1.7 Structure and Organization	25
1.8 Exercises	27
2 Basic Operations in R	31
2.1 Working With R	31
2.2 Objects in R	33
2.3 International and Local Formats	34
2.4 Types of Files in R	35
2.5 Explaining the RStudio Screen	36
2.6 R Packages	39
2.6.1 Installing Packages from CRAN	42
2.6.2 Installing Packages from Github	42
2.6.3 Loading Packages	43
2.6.4 Upgrading Packages	45
2.7 Running Scripts from RStudio	46

2.7.1	RStudio shortcuts	48
2.8	Testing and Debugging Code	49
2.9	Creating Simple Objects	51
2.10	Creating Vectors	52
2.11	Knowing Your Environment and Objects	53
2.12	Displaying and Formatting Output	55
2.12.1	Customizing the Output	57
2.13	Finding the Size of Objects	59
2.14	Selecting Elements from an Atomic Vector	62
2.15	Removing Objects from the Memory	65
2.16	Displaying and Setting the Working Directory	66
2.17	Canceling Code Execution	68
2.18	Code Comments	69
2.19	Looking for Help	71
2.20	Using Code Completion with <i>tab</i>	72
2.21	Interacting with Files and the Operating System	76
2.21.1	Listing Files and Folders	76
2.21.2	Deleting Files and Directories	79
2.21.3	Downloading Files from the Internet	80
2.21.4	Using Temporary Files and Directories	81
2.22	Exercises	82
3	Writing Research Scripts	85
3.1	Stages of Research	85
3.2	Folder Structure	87
3.3	Important Aspects of a Research Script	90
3.4	Exercises	92
4	Importing Data from Local Files	93
4.1	<i>csv</i> files	94
4.1.1	Importing Data	97
4.1.2	Exporting Data	101
4.2	<i>Excel</i> Files (<i>xls</i> and <i>xlsx</i>)	102
4.2.1	Importing Data	103
4.2.2	Exporting Data	104
4.3	<i>RData</i> and <i>rds</i> Files	107
4.3.1	Importing Data	107
4.3.2	Exporting Data	108
4.4	<i>fst</i> files	109
4.4.1	Importing Data	110
4.4.2	Exporting Data	110
4.4.3	Timing the <i>fst</i> format	110
4.5	SQLite Files	112

4.5.1	Importing Data	113
4.5.2	Exporting Data	114
4.6	Unstructured Data and Other Formats	115
4.6.1	Importing Data	116
4.6.2	Exporting Data	117
4.7	How to Select a Format	118
4.8	Exercises	119
5	Importing Data from the Internet	121
5.1	Package <code>GetQuandlData</code>	121
5.2	Package <code>BatchGetSymbols</code>	127
5.3	Package <code>simfinR</code>	133
5.3.1	Example 01 - Apple Inc Annual Profit	134
5.3.2	Example 02 - Quarterly Net Profit of Many Companies	137
5.3.3	Example 03: Fetching price data	139
5.4	Package <code>tidyquant</code>	140
5.5	Package <code>Rbitcoin</code>	142
5.6	Other Packages	144
5.7	Accessing Data from Web Pages (<i>webscraping</i>)	144
5.7.1	Scraping the Components of the SP500 Index from Wikipedia	145
5.7.2	Scraping the Website of the Reserve Bank of Australia	147
5.8	Exercises	149
6	Dataframes and other objects	153
6.1	<code>Dataframes</code>	154
6.1.1	Creating <code>dataframes</code>	154
6.1.2	Inspecting a <code>Dataframe</code>	156
6.1.3	The <i>pipeline</i> Operator (<code>%>%</code>)	158
6.1.4	Accessing Columns	159
6.1.5	Modifying a <code>dataframe</code>	162
6.1.6	Filtering rows of a <code>dataframe</code>	164
6.1.7	Sorting a <code>dataframe</code>	165
6.1.8	Combining and Aggregating <code>dataframes</code>	168
6.1.9	Extensions of the <code>dataframe</code> Class	172
6.1.10	Other Useful Functions for Handling <code>dataframes</code> . . .	175
6.2	<code>Lists</code>	177
6.2.1	Creating <code>lists</code>	177
6.2.2	Accessing the Elements of a <code>list</code>	179
6.2.3	Adding and Removing Elements from a <code>list</code>	182
6.2.4	Processing the Elements of a <code>list</code>	184
6.2.5	Other Useful Functions	185
6.3	<code>Matrices</code>	186

6.3.1	Selecting Elements from a <code>matrix</code>	189
6.3.2	Other Useful Functions	191
6.4	Exercises	193
7	Basic Object Classes	195
7.1	<code>Numeric</code> Objects	195
7.1.1	Creating and Manipulating <code>numeric</code> Objects	196
7.1.2	Creating a <code>numeric</code> Sequence	198
7.1.3	Creating Vectors with Repeated Elements	199
7.1.4	Creating Vectors with Random Numbers	199
7.1.5	Accessing the Elements of a <code>numeric</code> Vector	204
7.1.6	Modifying and Removing Elements of a <code>numeric</code> Vector	206
7.1.7	Creating Groups	207
7.1.8	Other Useful Functions	209
7.2	<code>Character</code> Objects	211
7.2.1	Creating a Simple <code>character</code> Object	211
7.2.2	Creating Structured <code>character</code> Objects	212
7.2.3	<code>character</code> Constants	213
7.2.4	Selecting Pieces of a Text Object	214
7.2.5	Finding and Replacing Characters of a Text	215
7.2.6	Splitting Text	218
7.2.7	Finding the Number of Characters in a Text	219
7.2.8	Generating Combinations of Text	220
7.2.9	Encoding of <code>character</code> Objects	221
7.2.10	Other Useful Functions	222
7.3	<code>Factor</code> Objects	223
7.3.1	Creating <code>factors</code>	223
7.3.2	Modifying <code>factors</code>	224
7.3.3	Converting <code>factors</code> to Other Classes	226
7.3.4	Creating Contingency Tables	227
7.3.5	Other Useful Functions	228
7.4	<code>Logical</code> Objects	229
7.4.1	Creating <code>logical</code> Objects	229
7.5	Date and Time	232
7.5.1	Creating Simple Dates	232
7.5.2	Creating a Sequence of <code>Dates</code>	234
7.5.3	Operations with <code>Dates</code>	236
7.5.4	Dealing with Time	238
7.5.5	Customizing the Format of Dates and Times	239
7.5.6	Extracting Elements of a Date	241
7.5.7	Find the Current Date and Time	242
7.5.8	Other Useful Functions	243

7.6	Missing Data - NA (<i>Not available</i>)	246
7.6.1	Defining NA Values	246
7.6.2	Finding and Replacing NA	247
7.6.3	Other Useful Functions	249
7.7	Exercises	249
8	Programming and Data Analysis	253
8.1	R Functions	253
8.2	Using for Loops	263
8.3	Conditional Statements (<i>if</i> , <i>else</i> , <i>switch</i>)	270
8.4	Using <code>apply</code> Functions	274
8.4.1	Using <code>lapply</code>	274
8.4.2	Using <code>sapply</code>	277
8.4.3	Using <code>tapply</code>	280
8.4.4	Using <code>mapply</code>	283
8.4.5	Using <code>apply</code>	284
8.4.6	Using <code>by</code>	285
8.5	Using package <code>purrr</code>	287
8.5.1	Function <code>map_*</code>	287
8.5.2	Function <code>safely</code>	288
8.5.3	Function <code>pmap</code>	291
8.6	Data Manipulation with Package <code>dplyr</code>	294
8.6.1	Group Operations with <code>dplyr</code>	294
8.6.2	Complex Group Operations with <code>dplyr</code>	297
8.7	Exercises	299
9	Cleaning and Structuring Data	301
9.1	The Format of a <code>dataframe</code>	301
9.1.1	Converting a <code>dataframe</code> Structure (long and wide)	303
9.2	Converting <code>lists</code> into <code>dataframes</code>	305
9.3	Removing Outliers	310
9.3.1	Treating Outliers in <code>dataframes</code>	313
9.4	Inflation and Price Data	317
9.5	Modifying Time Frequency and Aggregating Data	319
9.6	Exercises	320
10	Creating and Saving Figures with <code>ggplot2</code>	323
10.1	The <code>ggplot2</code> Package	324
10.2	Using Graphics Windows	325
10.3	Creating Figures with Function <code>qplot</code>	326
10.4	Creating Figures with Function <code>ggplot</code>	328
10.4.1	The US Yield Curve	334
10.5	Using Themes	339

10.6	Creating Panels with <code>facet_wrap</code>	344
10.7	Using the Pipeline	348
10.8	Creating Statistical Graphics	351
10.8.1	Creating Histograms	351
10.8.2	Creating <i>boxplot</i> Figures	355
10.8.3	Creating <i>QQ</i> Plots	358
10.9	Saving Graphics to a File	361
10.10	Exercises	362
11	Financial Econometrics with R	365
11.1	Linear Models (OLS)	366
11.1.1	Simulating a Linear Model	366
11.1.2	Estimating a Linear Model	368
11.1.3	Statistical Inference in Linear Models	376
11.2	Generalized Linear Models (GLM)	382
11.2.1	Simulating a GLM Model	383
11.2.2	Estimating a GLM Model	384
11.3	Panel Data Models	389
11.3.1	Simulating Panel Data Models	389
11.3.2	Estimating Panel Data Models	392
11.4	Arima Models	398
11.4.1	Simulating Arima Models	399
11.4.2	Estimating Arima Models	400
11.4.3	Forecasting Arima Models	403
11.5	GARCH Models	404
11.5.1	Simulating Garch Models	404
11.5.2	Estimating Garch Models	407
11.5.3	Forecasting Garch Models	410
11.6	Regime Switching Models	411
11.6.1	Simulating Regime Switching Models	413
11.6.2	Estimating Regime Switching Models	417
11.6.3	Forecasting Regime Switching Models	420
11.7	Dealing with Several Models	421
11.7.1	Using <code>tapply</code> and <code>sapply</code>	421
11.7.2	Using <code>by</code>	422
11.7.3	Using <code>dplyr::group_by</code>	425
11.8	Exercises	426
12	Reporting Results	429
12.1	Reporting Tables	430
12.2	Reporting Models	433
12.3	Creating Reports with <i>RMarkdown</i>	435
12.4	Exercises	441

13 Optimizing Code	443
13.1 Optimizing your Programming Time	443
13.2 Optimizing Code Speed	447
13.2.1 Profiling Code	448
13.2.2 Simple Strategies to Improve Code Speed	452
13.2.3 Using C++ code (package <code>Rcpp</code>)	454
13.2.4 Using cache (package <code>memoise</code>)	456
13.3 Exercises	463